

Message Text

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TAGS: EEWT, EQUIP, UR
SUBJECT: CORNING GLASS NEGOTIATIONS ON COLOR TELEVISION
BULB PRODUCTION FOR USSR

1. CORNING GLASS VICE PRESIDENTS RODERER AND BOOTH INFORMED E/C COUNSELOR APRIL 19 OF STATUS OF COMMERCIAL NEGOTIATIONS WITH MINISTRY OF THE ELECTRONIC INDUSTRY ON THE PRODUCTION OF COLOR TELEVISION GLASS ENVELOPES AND TUBES. PROJECT, ON WHICH CORNING OFFICIALS PUT \$75 MILLION PRICE TAG FOR THEIR SHARE (GLASS) ALONE, IS PAIRED WITH CONSTRUCTION OF COLOR TUBES BY RCA WITH AN ESTIMATED VALUE IN THE SAME GENERAL RANGE. COMPETITION IS JAPANESE.

2. NOTING THAT SOVIETS HAVE DROPPED EARLIER PLAN FOR A NEW PLANT IN FAVOR OF BUILDING ON PRESENT FACILITIES IN VORONEZH, BOOTH COMMENTED THAT DECISION MIGHT SAVE SOVIETS SOME RUBLES BUT COULD NOT SAVE THEM ANY HARD CURRENCY COSTS SINCE RECONFIGURATION OF EXISTING PLANT WILL BE AT LEAST AS EXPENSIVE AS WOULD INSTALLATION OF EQUIPMENT IN A NEW FACILITY.

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3. RODERER SAID THAT SOVIETS HAVE ALWAYS SPOKEN OF "CASH" PAYMENT, ALTHOUGH CORNING HAS ITS DOUBTS, AND HAS NEVER MENTIONED COMPENSATION DEAL OR OTHER MEANS OF PAYMENT.

4. IF PROJECT COULD BE AGREED, CORNING OFFICIALS THOUGHT IT WOULD TAKE TWO YEARS TO SUPPLY THE EQUIPMENT AND AN ADDITIONAL YEAR TO CONSTRUCT THE FACILITY. AS MANY AS

FIFTY CORNING TECHNICIANS MIGHT HAVE TO PARTICIPATE IN THE LATTER PHASE.

5. RODERER INDICATED THAT HE HAS MEETING WITH DEPUTY MINISTER KOLESNIKOV APRIL 20 TO DISCUSS PROJECT. HOWEVER, NEITHER HE NOR BOOTH WERE OPTIMISTIC THAT SOVIETS ARE PREPARED TO MOVE TOWARDS AN EARLY CONCLUSION OF CONTRACT NEGOTIATIONS WHICH HAVE BEEN DRAGGING ON SINCE ABOUT 1967, BY THEIR COUNT.

6. COMMENT: SOVIET INDUSTRY IS SHIFTING TOWARD COLOR TV PRODUCTION AND SCALING DOWN PRODUCTION FOR ALREADY SATURATED BLACK AND WHITE TV MARKET; COLOR TV SETS ARE STILL IN SHORT SUPPLY AND SEEMINGLY WHOLLY UNAVAILABLE IN SOME SOVIET CITIES WE HAVE VISITED. NEVERTHELESS, SINCE THERE IS NO HARD CURRENCY EXPORT MARKET IN SIGHT FOR SOVIET COLOR TELEVISION, IT WILL BE AN AGONIZING DECISION FOR THE SOVIETS TO PAY \$150 MILLION, EITHER FOR "CASH" OR CREDIT, FOR THE GLASS ENVELOPES AND BULBS. TOON

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